Received By: dkennedy

# 2005 DRAFTING REQUEST

Bill

Received: 12/17/2004

Wanted: As time permits				Identical to LRB:			
For: Administration-Budget 6-8593				By/Representing: Milioto			
This file n	nay be shown	to any legislator	:: NO		Drafter: dkenned	$\mathbf{y}$	
May Cont	act:				Addl. Drafters:		
Subject: Health - medical assistance				Extra Copies:			
Submit vi	a email: YES						
Requester	's email:						
Carbon co	py (CC:) to:	robin.ryan@	elegis.state.	.wi.us			
Pre Topic	C:						
DOA:	Milioto, BB03	329 -					
Topic:						•	
Acuity-ba	sed direct care	e reimbursement	for nursing	homes			
Instruction	ons:						
See Attack	See Attached						
Drafting	History:		1.7		AAA-00-00-00-00-00-00-00-00-00-00-00-00-		
Vers.	<u>Drafted</u>	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	dkennedy 12/22/2004	kfollett 01/03/2005					
/P1			rschluet 01/04/2005	5	mbarman 01/04/2005		S&L
/1	dkennedy 01/07/2005	kfollett 01/07/2005	rschluet 01/10/2003	5	sbasford 01/10/2005		S&L
/2	dkennedy	kfollett	rschluet	ALCO TO THE REAL PROPERTY OF THE PARTY OF TH	lemery		S&L

**LRB-1302** 01/28/2005 01:20:25 PM Page 2

Vers.	<u>Drafted</u>	Reviewed	Typed	Proofed	Submitted	<u>Jacketed</u>	Required
	01/11/2005	01/11/2005	01/11/200	5	01/11/2005		
/3	dkennedy 01/28/2005	kfollett 01/28/2005	rschluet 01/28/200	95	sbasford 01/28/2005		
FE Sent For:							

<**END>** 

## 2005 DRAFTING REQUEST

Bill

Received: 12/17/2004					Received By: dkennedy			
Wanted: As time permits					Identical to LRB:			
For: Adm	inistration-B	udget 6-8593	By/Representing: Milioto					
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May Contact:					Addl. Drafters:			
Subject:	Health -	medical assist	Extra Copies:					
Submit vi	a email: YES							
Requester	's email:							
Carbon co	opy (CC:) to:	robin.ryan(	@legis.state	.wi.us				
Pre Topi	c:							
DOA:	Milioto, BB03	329 -						
Topic:								
Acuity-ba	sed direct care	e reimbursement	for nursing	homes				
Instructi	ons:							
See Attac	hed							
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Vers.	<u>Drafted</u>	Reviewed	Typed	Proofed	Submitted	<u>Jacketed</u>	Required	
/?	dkennedy 12/22/2004	kfollett 01/03/2005						
/P1			rschluet 01/04/2005	5	mbarman 01/04/2005		S&L	
/1	dkennedy 01/07/2005	kfollett 01/07/2005	rschluet 01/10 <del>/2</del> 005	5	sbasford 01/10/2005		S&L	
/2	dkennedy	kfollett  1314	rschluet		lemery			

**LRB-1302** 01/11/2005 03:22:16 PM Page 2

Vers.	<u>Drafted</u>	Reviewed	<b>Typed</b>	Proofed	Submitted	<u>Jacketed</u>	Required
	01/11/2005	01/11/2005	01/11/2003	5	01/11/2005		
FE Sent F	For:			<end></end>			

# 2005 DRAFTING REQUEST

Bill

17111							
Receive	ed: 12/17/2004		Received By: dkennedy				
Wanted	: As time perm	its	Identical to LRB:  By/Representing: Milioto  Drafter: dkennedy				
For: Ad	ministration-B	Budget 6-8593					
This file	e may be shown	to any legislate					
May Co	ntact:		Addl. Drafters:				
Subject:	: Health	- medical assis	Extra Copies:				
Submit	via email: YES						
Request	er's email:						
Carbon	copy (CC:) to:	robin.ryan	@legis.stat	te.wi.us			
Pre To	pic:						÷
DOA:	Milioto, BB0	329 -					
Topic:							
Acuity-l	based direct car	e reimburseme	nt for nursin	ng homes			
Instruc	tions:						
See Atta	ached						
Draftin	g History:						
Vers.	<u>Drafted</u>	Reviewed	Typed	Proofed	Submitted	<u>Jacketed</u>	Required
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/P1			rschluet 01/04/20	05	mbarman 01/04/2005		S&L
/1	dkennedy 01/07/2005	kfollett 01/07/2005	rschlaet 01/10/20	05	sbasford 01/10/2005		

FE Sent For:

<**END**>

#### 2005 DRAFTING REQUEST

**Bill** 

Received: 12/17/2004

Received By: dkennedy

Wanted: As time permits

Identical to LRB:

For: Administration-Budget 6-8593

By/Representing: Milioto

This file may be shown to any legislator: NO

Drafter: dkennedy

May Contact:

Addl. Drafters:

Subject:

Health - medical assistance

Extra Copies:

Submit via email: YES

Requester's email:

Carbon copy (CC:) to:

robin.ryan@legis.state.wi.us

**Pre Topic:** 

DOA:.....Milioto, BB0329 -

Topic:

Acuity-based direct care reimbursement for nursing homes

**Instructions:** 

See Attached

**Drafting History:** 

Drafted Reviewed **Typed** Proofed **Submitted Jacketed** Required Vers.

/?

dkennedy 12/22/2004 kfollett

01/03/2005

/P1

rschluet 01/04/2005 mbarman 01/04/2005

FE Sent For:

Required

#### 2005 DRAFTING REQUEST

Bill

Received: 12/17/2004 Received By: dkennedy

Wanted: As time permits Identical to LRB:

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Subject: **Health - medical assistance** Extra Copies:

Submit via email: YES

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DOA:.....Milioto, BB0329 -

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Acuity-based direct care reimbursement for nursing homes

**Instructions:** 

See Attached

**Drafting History:** 

Vers. <u>Drafted</u> <u>Reviewed</u> <u>Typed</u> <u>Proofed</u> <u>Submitted</u> <u>Jacketed</u>

/? dkennedy

<END>

FE Sent For:

#### 2005-07 Budget Bill Statutory Language Drafting Request

• Topic: Acuity-Based Direct Care Reimbursement for Nursing Homes

Tracking Code: BB 0 3 29

SBO team: Health

SBO analyst: Steve MiliotoPhone: 266-8593

• Email: steve.milioto@doa.state.wi.us

• Agency acronym: DHFS

• Agency number: 435

DHFS

#### Department of Health and Family Services 2005-2007 Biennial Budget Statutory Language Request December 16, 2004

## Acuity-Based Direct Care Reimbursement for Nursing Homes

#### **Current Language**

Under s. 49.49(6m), standards are established for Medicaid payments for nursing home services. Statutory provisions create various cost categories and establish different standards for specific cost categories. Statutory provisions (s. 49.45(6m)(ag)2. & 3r. and (ar)1.a. & b.) require that reimbursement for direct care costs be based on allowable costs. For other costs, such as support services, statutes specify a flat-rate payment.

#### **Proposed Change**

Amend s. 49.49(6m) to remove the requirement that direct care must be based on allowable costs and amend s. 49.45(6m)(ag)3r to specify that direct care be reimbursed as a flat-rate payment.

#### **Effect of the Change**

These changes would allow the Department to reimburse the direct care component of costs for nursing services on a flat rate basis that would be based on the care level of the resident rather than on the facility's costs for that care level. Thus, different facilities would, except for a required labor cost adjustment, receive the same flat rate for the direct care component for a person in a given care level.

#### Rationale for the Change

This change would allow nursing home reimbursement to be more cost-effective since it would create an incentive to be more efficient. The change aligns the reimbursement system with the acuity-level of the clients served. Also, acuity-based rates should better compensate facilities that accept residents with greater care needs and could be structured to provide more of an incentive to treat high-acuity residents. Since there are limits (targets) on the current cost reimbursement for direct care and since a vast majority of facilities are above the limits, the proposed change to a flat-rate payment for a given care level is, for practical purposes, not a radical change.

**Desired Effective Date:** 

July 1, 2006

Agency:

DHFS

**Agency Contact:** 

Marlia Moore

Phone:

266-5422

#### SUGGESTED STATUTORY LANGUAGE CHAGNES

Amend s. 49.45(6m) (ag) 3m. & 3r as follows:

3m. For each state fiscal year, rates that shall be set by the department based on information from cost reports for costs specified under par. (am)-1. bm., 4., 5m., and 6. for the most recently completed fiscal year of the facility.

3r. Flat-rate payment for all costs specified under par. (am) 1. a. and bmq, and 2.

Amend s. 49.45(6m)(ar)1.a. and delete 1.b. as follows:

a. The department shall establish standards for payment of allowable direct care costs under par. (am) 1. bm, for facilities that do not primarily serve the developmentally disabled, that take into account direct care costs for a sample of all of those facilities in this state. and separate standards for payment of allowable direct care costs, for facilities that primarily serve the developmentally disabled, that take into account direct care costs for a sample of all of those facilities in this state. The standards shall be adjusted by the department for regional labor cost variations. For facilities in Douglas, Pierce, and St. Croix counties, the department shall perform the adjustment by use of the wage index that is used by the federal department of health and human services for hospital reimbursement under 42 USC 1395 to 1395ggg.

b. The department shall establish the direct care component of the facility rate for each facility by comparing actual allowable direct care cost information of that facility adjusted for inflation to the standards established under subd. 1. a.



State of Misconsin 2005 - 2006 LEGISLATURE

D-NOVE

1/3 OL LRB-1302/ PI DAK: C.

DOA:.....Milioto, BB0329 - Acuity-based direct care reimbursement for nursing homes

FOR 2005-07 BUDGET -- NOT READY FOR INTRODUCTION

(Do Not Gen)

AN ACT ...; relating to: the budget.

# Analysis by the Legislative Reference Bureau HEALTH AND HUMAN SERVICES

#### HEALTH

Under current law, DHFS provides Medical Assistance (MA) payment to nursing homes and some community-based residential facilities (facilities) under a detailed formula that assigns cost-based payment for certain items and flat-rate payment for others. Currently, support services (dietary services, environmental services, fuel and utilities, administrative and general costs) and direct care costs (personal comfort supplies, medical supplies, over-the—counter drugs, and nonbillable services for ancillary nursing home personnel) are paid on a flat-rate basis. This bill changes payment from cost based to flat rate for nonbillable direct care costs for registered nurses, licensed practical nurses, and nurse's assistants.

Currently, in calculating amounts payable for direct care costs, DHFS must establish standards for facilities that do not primarily serve the developmentally disabled separately from standards for facilities that primarily serve the developmentally disabled and must, for each type of facility, take into account direct care costs for a sample of all such facilities in Wisconsin. Further, DHFS must establish the direct care component of the facility payment rate for each facility by comparing actual allowable direct care cost information for that facility, as adjusted

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for inflation, to the standard. If a facility has an approved program to provide services to developmentally disabled residents, residents dependent on ventilators, or residents requiring supplemental skilled care because of complex medical conditions, DHFS may provide the facility with a supplement to the direct care component. This bill eliminates differences in standards for payment of direct care costs between facilities that primarily serve the developmentally disabled and those that do not, and eliminates the requirement that DHFS establish a direct care component of the payment rate for each facility by comparing the facility's actual allowable direct care costs to the standard.

### The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

**SECTION 1.** 49.45 (6m) (ag) 3m. of the statutes is amended to read: 1

49.45 (6m) (ag) 3m. For each state fiscal year, rates that shall be set by the  $\mathbf{2}$ 

department based on information from cost reports for costs specified under par. (am)

1. bm., 4., 5m., and 6. for the most recently completed fiscal year of the facility. 4

History: 1971 c. 40 s. 93; 1971 c. 42, 125; 1971 c. 213 s. 5; 1971 c. 215, 217, 307; 1973 c. 62, 90, 147; 1973 c. 333 ss. 106g, 106h, 106j, 201w; 1975 c. 39; 1975 c. 223 s. 28; 1975 c. 224 ss. 54h, 56 to 59m; 1975 c. 383 s. 4; 1975 c. 411; 1977 c. 29, 418; 1979 c. 34 ss. 837f to 838, 2102 (20) (a); 1979 c. 102, 177, 221, 355; 1981 c. 20 ss. 839 to 854, 2202 (20) (r); 1981 c. 93, 317; 1983 a. 27 ss. 1046 to 1062m, 2200 (42); 1983 a. 245, 447, 527; 1985 a. 29 ss. 1026m to 1031d, 3200 (23), (56), 3202 (27); 1985 a. 120, 176, 269; 1985 a. 332 ss. 91, 251 (5), 253; 1985 a. 340; 1987 a. 27 ss. 989r to 1000s, 2247, 3202 (24); 1987 a. 186, 307, 339, 399; 1987 a. 403 s. 256; 1987 a. 413; 1989 a. 6; 1989 a. 31 ss. 1402 to 1452g, 2909g, 2909i; 1989 a. 107, 173, 310, 336, 351, 359; 1991 a. 22, 39, 80, 250, 269, 315, 316; 1993 a. 16 ss. 1362g to 1403, 3883; 1993 a. 27, 107, 112, 183, 212, 246, 269, 335, 356, 437, 446, 469; 1995 a. 20; 1995 a. 27 ss. 2947 to 3002r, 7299, 9126 (19), 9130 (4), 9145 (1); 1995 a. 191, 216, 225, 289, 303, 398, 417, 457; 1997 a. 3, 13, 27, 114, 175, 191, 237, 252, 293; 1999 a. 9, 63, 103, 180, 188; 2001 a. 13, 16, 35, 38, 57, 67, 104, 109; 2003 a. 33, 318, 321.

SECTION 2. 49.45 (6m) (ag) 3r. of the statutes is amended to read:

49.45 (6m) (ag) 3r. Flat-rate payment for all costs specified under par. (am) 1.

DO NOT STRIKE

History: 1971 c. 40 s. 93; 1971 c. 42, 125; 1971 c. 213 s. 5; 1971 c. 215, 217, 307; 1973 c. 60, 90, 147; 1973 c. 333 ss. 106g, 106h, 106j, 201w; 1975 c. 39; 1975 c. 223 s. 28; 1975 c. 224 ss. 54h, 56 to 59m; 1975 c. 383 s. 4; 1975 c. 411; 1977 c. 29, 418; 1979 c. 34 ss. 377 to 838, 2102 (20) (a); 1979 c. 102, 177, 221, 355; 1981 c. 20 ss. 839 to 854, 2202 (20) (r); 1981 c. 93, 317; 1983 a. 27 ss. 1046 to 1062m, 2200 (42); 1983 a. 245, 447, 520; 1985 a. 29 ss. 1026m to 1031d, 3200 (23), (56), 3202 (27); 1985 a. 120, 176, 269; 1985 a. 332 ss. 91, 251 (5), 253; 1985 a. 340; 1987 a. 27 ss. 989r to 1000s, 2247, 3202 (24); 1987 a. 186, 307, 339, 399; 1987 a. 403 s. 256; 1987 a. 413; 1989 a. 6; 1989 a. 31 ss. 1402 to 1452g, 2909g, 2909i; 1989 a. 107, 173, 310, 336, 351, 359; 1991 a. 22, 39, 80, \$50, 269, 315, 316; 1993 a. 16 ss. 1362g to 1403, 3883; 1993 a. 27, 107, 112, 183, 212, 246, 269, 335, 356, 437, 446, 469; 1995 a. 20; 1995 a. 27 ss. 2947 to 3002r, 7299, 9126 (19), 9130 (4), 9145 (1); 1995 a. 191, 216, 225, 289, 303, 398, 417, 457; 1997 a. 3, 13, 27, 114, 175, 191, 237, 252, 293; 1999 a. 9, 63, 103, 180, 185; 2001 a. 13, 16, 35, 38, 57, 67, 104, 109; 2003 a. 33, 318, 321.

SECTION 3. 49.45 (6m) (ar) 1. a. of the statutes is amended to read:

49.45 (6m) (ar) 1. a. The department shall establish standards for payment of allowable direct care costs under par. (am) 1. bm// for facilities that do not primarily serve the developmentally disabled, that take into account direct care costs for a sample of all of those facilities in this state and separate standards for payment of allowable direct care costs, for facilities that primarily serve the developmentally

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disabled, that take into account direct care costs for a sample of all of those facilities in this state. The standards shall be adjusted by the department for regional labor For facilities in Douglas, Pierce, and St. Croix counties, the cost variations. department shall perform the adjustment by use of the wage index that is used by the federal department of health and human services for hospital reimbursement under 42 USC 1395 to 1395ggg.

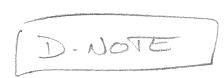
History: 1971 c. 40 s. 93; 1971 c. 42, 125; 1971 c. 213 s. 5; 1971 c. 215, 217, 307; 1973 c. 62, 90, 147; 1973 c. 333 ss. 106g, 106h, 106j, 201w; 1975 c. 39; 1975 c. 223 s. 28; 1975 c. 224 ss. 54h, 56 to 59m; 1975 c. 383 s. 4; 1975 c. 411; 1977 c. 29, 418; 1979 c. 34 ss. 837f to 838, 2102 (20) (a); 1979 c. 102, 177, 221, 355; 1981 c. 20 ss. 839 to 854, 2202 (20) (b); 1981 c. 93, 317; 1983 a. 27 ss. 1046 to 1062m, 2200 (42); 1983 a. 245, 447, 527; 1985 a. 29 ss. 1026m to 1031d, 3200 (23), (56), 3202 (27); 1985 a. 120, 176, 269; 1985 a. 332 ss. 91, 251 (5), 253; 1985 a. 340; 1987 a. 27 ss. 989r to 1000s, 2247, 3202 (24); 1987 a. 186, 307, 339, 399; 1987 a. 403 s. 256; 1987 a. 413; 1989 a. 6; 1989 a. 31 ss. 1402 to 1452g, 2909g, 2909i; 1989 a. 107, 173, 310, 336, 351, 359; 1991 a. 22, 39, 80, 250, 269, 315, 316; 1993 a. 16 ss. 1362g to 1403, 3883; 1993 a. 27, 107, 112, 183, 212, 246, 269, 335, 356, 437, 446, 469; 1995 a. 20; 1995 a. 27 ss. 2947 to 3002r, 7299, 9126 (19), 9130 (4), 9145 (1); 1995 a. 191, 216, 225, 289, 303, 398, 417, 457; 1997 a. 3, 13, 27, 114, 175, 191, 237, 252, 293; 1999 a. 9, 63, 103, 180, 185; 2001 a. 13, 16, 35, 38, 57, 67, 104, 109; 2003 a. 33, 318, 321.

**Section 5.** 49.45 (6m) (ar) 1. c. of the statutes is amended to read: 8

49.45 (6m) (ar) 1. c. If a facility has an approved program for provision of service to mentally retarded residents, residents dependent upon ventilators, or residents requiring supplemental skilled care due to complex medical conditions, a supplement to the direct care component of the facility rate under subd. 1. b. may be made to that facility according to a method developed by the department.

**History:** 1971 c. 40 s. 93; 1971 c. 42, 125; 1971 c. 213 s. 5; 1971 c. 215, 217, 307; 1973 c. 62, 90, 147; 1973 c. 333 ss. 106g, 106h, 106j, 201w; 1975 c. 39; 1975 c. 223 s. 28; 1975 c. 224 ss. 54h, 56 to 59m; 1975 c. 383 s. 4; 1975 c. 411; 1977 c. 29, 418; 1979 c. 34 ss. 837f to 838, 2102 (20) (a); 1979 c. 102, 177, 221, 355; 1981 c. 20 ss. 839 to 854, 2202 (20) (r); 1981 c. 93, 317; 1983 a. 27 ss. 1046 to 1062m, 2200 (42); 1983 a. 245, 447, 527; 1985 a. 29 ss. 1026m to 1031d, 3200 (23), (56), 3202 (27); 1985 a. 120, 176, 269; 1985 a. 332 ss. 91, 251 (5), 253; 1985 a. 340; 1987 a. 27 ss. 989r to 1000s, 2247, 3202 (24); 1987 a. 186, 307, 339, 399; 1987 a. 403 s. 256; 1987 a. 413; 1989 a. 6; 1989 a. 31 ss. 1402 to 1452g, 2909g, 2909i; 1989 a. 107, 173, 310, 336, 351, 359; 1991 a. 22, 39, 80, 250, 269, 315, 316; 1993 a. 16 ss. 1362g to 1403, 3883; 1993 a. 27, 107, 112, 183, 212, 246, 269, 335, 356, 437, 446, 469; 1995 a. 20; 1995 a. 27 ss. 2947 to 3002r, 7299, 9126 (19), 9130 (4), 9145 (1); 1995 a. 191, 216, 225, 289, 303, 398, 417, 457; 1997 a. 3, 13, 27, 114, 175, 191, 237, 252, 293; 1999 a. 9, 63, 103, 180, 185; 2001 a. 13, 16, 35, 38, 57, 67, 104, 109; 2003 a. 33, 318, 321.

14



# DRAFTER'S NOTE FROM THE LEGISLATIVE REFERENCE BUREAU

LRB-1302/Adn. DAK:.....

Pate

To Steve Milioto:

Although the instructions appended to this draft proposal repealed s. 49.45 (6m) (ar) 1. b., stats., they gave no information as to what then should be done with s. 49.45 (6m) (ar) 1. c., stats. Please review the changes that I made to that provision.

Debora A. Kennedy Managing Attorney Phone: (608) 266-0137

E-mail: debora.kennedy@legis.state.wi.us

# DRAFTER'S NOTE FROM THE LEGISLATIVE REFERENCE BUREAU

LRB-1302/P1dn DAK:kjf:rs

January 4, 2005

#### To Steve Milioto:

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Debora A. Kennedy Managing Attorney Phone: (608) 266–0137

E-mail: debora.kennedy@legis.state.wi.us

#### Kennedy, Debora

From:

Milioto, Steve

Sent:

Wednesday, January 05, 2005 3:23 PM

To:

Kennedy, Debora Johnston, James

Cc: Subject:

RE: LRB Draft: 05-1302/P1 Acuity-based direct care reimbursement for nursing homes

Hi Debora --

The draft looks good to me but I will have Jim review it in case I'm missing something.

We would like to add another nonstat component to this draft:

Grent'? (1) Require the department to issue RFPs in the 2005-07 biennium. The RFPs would have the stated purpose of seeking out managed care organizations to develop managed care programs for MA-eligible elderly and disabled on a regionalized basis.

(2) In reviewing the RFPs, require the department to give preference to managed care organizations that are prepared to assume full risk in managing the care. (By this, I mean full risk for primary, acute and longterm care.)

(3) Require the department to consult with the Department of Administration regarding this matter.

Let me know if you have any questions. Best, Steve

----Original Message----

From: Schlueter, Ron [mailto:Ron.Schlueter@legis.state.wi.us]

Sent: Tuesday, January 04, 2005 9:01 AM

To: Milioto, Steve

Cc: Johnston, James; Hanaman, Cathlene; Haugen, Caroline; Merry-Mason,

Subject: LRB Draft: 05-1302/P1 Acuity-based direct care reimbursement

for nursing homes

Following is the PDF version of draft 05-1302/P1.

From Steve 1/5/05

No money seems to be unioned be in a commission one be inquery as to what organizations are available to provide primary, acute, and long term care under regional programs for underly and disabled MA recipients

#### Kennedy, Debora

From:

Milioto, Steve

Sent:

Friday, January 07, 2005 3:54 PM

To:

Kennedy, Debora

Subject:

FW: LRB Draft: 05-1302/P1 Acuity-based direct care reimbursement for nursing homes

#### Hi Debora --

I spoke with Jim and my initial assumption was correct. We will not be issuing RFPs -just requests-for-information. As a result, I don't think point #2 below would be relevant and should be discarded.

Let me know if you require further information. Best, Steve

----Original Message----

From: Milioto, Steve

Sent: Wednesday, January 05, 2005 3:23 PM

To: Kennedy, Debora Cc: Johnston, James

Subject: RE: LRB Draft: 05-1302/P1 Acuity-based direct care

reimbursement for nursing homes

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(3) Require the department to consult with the Department of Administration regarding this matter.

Let me know if you have any questions. Best, Steve

----Original Message----

From: Schlueter, Ron [mailto:Ron.Schlueter@legis.state.wi.us]

Sent: Tuesday, January 04, 2005 9:01 AM

To: Milioto, Steve

Cc: Johnston, James; Hanaman, Cathlene; Haugen, Caroline; Merry-Mason,

Monica

Subject: LRB Draft: 05-1302/P1 Acuity-based direct care reimbursement

for nursing homes

Following is the PDF version of draft 05-1302/P1.



LRB-1302/

DAK:kjf:

1/10 01 1/11

DOA:.....Milioto, BB0329 - Acuity-based direct care reimbursement for nursing homes

FOR 2005-07 BUDGET -- NOT READY FOR INTRODUCTION



AN ACT ...; relating to: the budget.

# Analysis by the Legislative Reference Bureau HEALTH AND HUMAN SERVICES

#### HEALTH

Under current law, DHFS provides Medical Assistance (MA) payment to nursing homes and some community-based residential facilities (facilities) under a detailed formula that assigns cost-based payment for certain items and flat-rate payment for others. Currently, support services (dietary services, environmental services, fuel and utilities, administrative, and general costs) and direct care costs (personal comfort supplies, medical supplies, over-the-counter drugs, and nonbillable services for ancillary nursing home personnel) are paid on a flat-rate basis. This bill changes payment from cost based to flat rate for nonbillable direct care costs for registered nurses, licensed practical nurses, and nurse's assistants.

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# The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 49.45 (6m) (ag) 3m. of the statutes is amended to read:

49.45 (6m) (ag) 3m. For each state fiscal year, rates that shall be set by the department based on information from cost reports for costs specified under par. (am) 1. bm., 4., 5m., and 6. for the most recently completed fiscal year of the facility.

SECTION 2. 49.45 (6m) (ag) 3r. of the statutes is amended to read:

49.45 (6m) (ag) 3r. Flat-rate payment for all costs specified under par. (am) 1.

SECTION 3. 49.45 (6m) (ar) 1. a. of the statutes is amended to read:

49.45 (6m) (ar) 1. a. The department shall establish standards for payment of allowable direct care costs under par. (am) 1. bm., for facilities that do not primarily serve the developmentally disabled, that take into account direct care costs for a sample of all of those facilities in this state and separate standards for payment of allowable direct care costs, for facilities that primarily serve the developmentally disabled, that take into account direct care costs for a sample of all of those facilities in this state. The standards shall be adjusted by the department for regional labor cost variations. For facilities in Douglas, Pierce, and St. Croix counties, the department shall perform the adjustment by use of the wage index that is used by

1	the federal department of health and human services for hospital reimbursement
2	under 42 USC 1395 to 1395ggg.

**Section 4.** 49.45 (6m) (ar) 1. b. of the statutes is repealed.

SECTION 5. 49.45 (6m) (ar) 1. c. of the statutes is amended to read:

49.45 (6m) (ar) 1. c. If a facility has an approved program for provision of service to mentally retarded residents, residents dependent upon ventilators, or residents requiring supplemental skilled care due to complex medical conditions, a supplement to the direct care component of the facility rate under subd. 1. b. may be made to that facility according to a method developed by the department.

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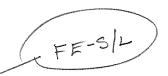
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(END)

INSERT 3-9

#### 2005–2006 DRAFTING INSERT FROM THE LEGISLATIVE REFERENCE BUREAU



**INSERT ANAL** 

Lastly, the bill requires DHFS to issue inquiries, before July 1, 2007, concerning the existence of managed care organizations that are capable of developing the provision of primary, acute, and long-term managed care, on a regional basis, to elderly and disabled MA recipients.

#### INSERT 3-9

SECTION 9121. Nonstatutory provisions; health and family services.

Department of Health and Family Services shall issue inquiries concerning the existence of managed care organizations that have capability to develop the provision of primary, acute, and long-term managed care, on a regional basis, to elderly and disabled Medical Assistance recipients. The Department of Health and Family Services shall consult with the Department of Administration in connection with the inquiries issued under this subsection and the responses received.

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# STATE OF WISCONSIN – **LEGISLATIVE REFERENCE BUREAU** – LEGAL SECTION (608–266–3561)

1/11/05 From Steve Trilioto:
05-1302 : SEC 9121(1): change date to

LRB-1302/ダス DAK:kjf:

DOA:.....Milioto, BB0329 - Acuity-based direct care reimbursement for nursing homes

FOR 2005-07 BUDGET -- NOT READY FOR INTRODUCTION

Or Not Gen

AN ACT ...; relating to: the budget.

# Analysis by the Legislative Reference Bureau HEALTH AND HUMAN SERVICES

#### HEALTH

Under current law, DHFS provides Medical Assistance (MA) payment to nursing homes and some community-based residential facilities (facilities) under a detailed formula that assigns cost-based payment for certain items and flat-rate payment for others. Currently, support services (dietary services, environmental services, fuel and utilities, administrative, and general costs) and direct care costs (personal comfort supplies, medical supplies, over-the-counter drugs, and nonbillable services for ancillary nursing home personnel) are paid on a flat-rate basis. This bill changes payment from cost based to flat rate for nonbillable direct care costs for registered nurses, licensed practical nurses, and nurse's assistants.

Currently, in calculating amounts payable for direct care costs, DHFS must establish standards for facilities that do not primarily serve the developmentally disabled separately from standards for facilities that primarily serve the developmentally disabled and must, for each type of facility, take into account direct care costs for a sample of all such facilities in Wisconsin. Further, DHFS must establish the direct care component of the facility payment rate for each facility by comparing actual allowable direct care cost information for that facility, as adjusted

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for inflation, to the standard. If a facility has an approved program to provide services to developmentally disabled residents, residents dependent on ventilators, or residents requiring supplemental skilled care because of complex medical conditions, DHFS may provide the facility with a supplement to the direct care component. This bill eliminates differences in standards for payment of direct care costs between facilities that primarily serve the developmentally disabled and those that do not, and eliminates the requirement that DHFS establish a direct care component of the payment rate for each facility by comparing the facility's actual allowable direct care costs to the standard.

Lastly, the bill requires DHFS to issue inquiries, before July 1, 2007, concerning the existence of managed care organizations that are capable of developing the provision of primary, acute, and long-term managed care, on a regional basis, to elderly and disabled MA recipients.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

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in this state. The standards shall be adjusted by the department for regional labor cost variations. For facilities in Douglas, Pierce, and St. Croix counties, the department shall perform the adjustment by use of the wage index that is used by the federal department of health and human services for hospital reimbursement under 42 USC 1395 to 1395ggg.

**SECTION 4.** 49.45 (6m) (ar) 1. b. of the statutes is repealed.

**SECTION 5.** 49.45 (6m) (ar) 1. c. of the statutes is amended to read:

49.45 (6m) (ar) 1. c. If a facility has an approved program for provision of service to mentally retarded residents, residents dependent upon ventilators, or residents requiring supplemental skilled care due to complex medical conditions, a supplement to the direct care component of the facility rate under subd. 1. b. may be made to that facility according to a method developed by the department.

#### SECTION 9121. Nonstatutory provisions; health and family services.

(1) Inquiries concerning managed care organizations. Before July 1, 2007, the department of health and family services shall issue inquiries concerning the existence of managed care organizations that have capability to develop the provision of primary, acute, and long-term managed care, on a regional basis, to elderly and disabled Medical Assistance recipients. The department of health and family services shall consult with the department of administration in connection with the inquiries issued under this subsection and the responses received.

(END)

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1/28/05 From Steve milioto:	
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LRB-1302/**2**/3
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DOA:.....Milioto, BB0329 - Acuity-based direct care reimbursement for nursing homes

FOR 2005-07 BUDGET -- NOT READY FOR INTRODUCTION

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AN ACT ...; relating to: the budget.

- Beginning grey 1, 2006,

# Analysis by the Legislative Reference Bureau

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21 INSERT 3-20 (END)

#### 2005–2006 DRAFTING INSERT FROM THE LEGISLATIVE REFERENCE BUREAU

#### **INSERT 3-20**

SECTION 9421. Effective dates; health and family services.

(1) DIRECT CARE NURSING HOME REIMBURSEMENT. The treatment of section 49.45

(6m) (ag) 3m. and 3r. and (ar) 1. a., b., and c.of the statutes takes effect on July 1, 2006.



### State of Misconsin 2005 - 2006 LEGISLATURE

LRB-1302/3 DAK:kjf:rs

DOA:.....Milioto, BB0329 - Acuity-based direct care reimbursement for nursing homes

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SECTION 9421. Effective dates; health and family services.

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2	(6m) (ag) 3m. and 3r. and (ar) 1. a., b., and c. of the statutes takes effect on July 1,
3	2006.

(END)